

IGT UNC 21-09 Modification Workstream Meeting

Draft Minutes

Thursday 9th September 2021 via Teleconference

Attendee	Initial	Organisation	Notes
Anne Jackson	AJ	Gemserv	Chair
Rachel Clarke	RC	Gemserv	Code Administrator
Heather Ward	HW	Energy Assets	
Michelle King	MK	Energy Assets	
Jenny Rawlinson	JR	BUUK	
Chris Barker	CB	BUUK	IGT132VV Only
Kundai Matiringe	KM	BUUK	
Cher Harris	CH	Indigo Pipelines	Part Meeting
Claire Roberts	CR	Scottish Power	
Clare Manning	CM	E.ON	
Mark Jones	MJ	SSE	Item 1 - 5
Ellie Rogers	ER	Xoserve	Part meeting
Sandra Fawzy	SF	Gemserv	Code Administrator

1. Welcome and Apologies for Absence

The Chair welcomed attendees to the meeting and introduced SF to her first Workstream meeting and no apologies were noted prior to the meeting. All attendees confirmed permission for the meeting to be recorded.

2. Confirmation of Agenda

The Chair confirmed the items for discussion as outlined in the Final Agenda and asked attendees for 'Any Other Business' (AOB) items, which there were none.

3. Approval of the Previous Minutes 21-08

The Workgroup heard that no comments had been received on the minutes prior to the meeting. The Workgroup had no comments to add to the previous minutes and they were approved as a true and accurate record of the meeting.

4. Outstanding Actions

The Chair informed the Workgroup that there were two outstanding actions; WS 21-08/01 and WS 21-08/02 recorded in the previous meeting, and that both have been actioned and will be discussed in detail under items 6 and 7.

Modification Workgroups

5. IGT145S – Transfer of Sites with Low Valid Meter Reading Submission Performance from Classes 2 and 3 into Class 4

The Chair provided the Workgroup with a summary of IGT145S stating that in a former Workgroup meeting MJ covered the legal drafting, but they did not complete the Workgroup report in the last Workgroup meeting as MJ was absent. The Modification was a UNC equivalent of UNC0664VVS (Transfer of Sites with Low Valid Meter Reading Submission Performance from Classes 2 and 3 into Class 4) and the IGT is now aligned that Modification.

RC took the Workgroup through the Workgroup report. Subsequent to the last Workgroup considerations in October 2020, the Workgroup agreed with the Proposers view that IGT145S should proceed as Self-governance as there are no material changes being made in the IGT UNC, this was also the final position of UNC664VVS. The Workgroup discussed that the solution has not changed in IGT145S since the previous consideration in October 2020. The Workgroup agreed that the solution delivered the intention of the Modification.

The Workgroup discussed how the Modification may incentivise Shippers to submit meter readings to ensure better settlement accuracy. The Workgroup also discussed how there may be a potential negative impact on expectations of customer in obtaining self-reads put on them by Suppliers/Shippers. The incentive to get more readings might lead to parties applying more pressure on consumers to attain the readings on their behalf. The Workgroup discussed how there were more advantages to this Modification that aids to ensure settlement accuracy and, therefore, more accurate billing for consumers. The Workgroup also discussed the maintenance of meters (Smart or AMR) which are currently not submitting readings, Suppliers may be incentivised by Shippers and this Modification to ensure those meters are functional again. The Workgroup discussed the impact of the change on consumer benefit areas; reallocated UIG in a more optimal way, it takes risks away from Shippers in UIG allocation and may be reflected in Supplier charging. The Workgroup discussed how more frequent reads throughout the year would result in more accurate readings and that would benefit the quality of service to consumers and there would be less contact for requesting reads. It was noted that this would provide better forecasting for Shippers and could improve their cost base and may be passed through to consumers. The Workgroup determined that the positive benefits for society as a whole are that it works towards Net Zero by encouraging the Smart Meter roll out, and more accurate billing helps with network management. The negatives for society are that moving classes could encourage installation of daily read equipment and may result in less jobs in the sector.

The Workgroup discussed a more in-depth analysis of Consumer and cross code impacts. The Workgroup discussed the potential impacts on the Retail Energy Code (REC) (as post 1st September 2021, meter reading obligations have now moved over to the REC for gas). The Workgroup did not identify any potential impacts on the REC from IGT145S.

The Workgroup reviewed their position in October 2020 and agreed with the proposers view that Relevant Objective D (securing of effective competition) would be positively impacted by this Modification for Shippers and Suppliers. The Workgroup also discussed that there may be potential positive impacts on Relevant Objective F (promotion of efficiency in the implementation and administration of the Code) as the same rules will now be brought in for both IGT and Large Transporter Supply points. MJ notified the Workgroup that this may be the case for many IGT UNC mirror Modifications which aim to align arrangements.

The Workgroup agreed that the implementation should be no earlier than November 2022 as these Modifications would be implemented post CSS (Central Switching Service) implementation. The Workgroup agreed that implementation for all three changes (IGT145S, UNC0664VVS and XRN4990) will still need to be aligned.

The Workgroup viewed the legal text and agreed with their position in October 2020 that the legal text facilitated the intention of the solution.

The Workgroup discussed that the Modifications are now in a different situation (as UNC664VVS has been passed for implementation by the UNC Panel). The Workgroup discussed that this Modification looks to address a specific issue in a lack of read performance and that the implementation date is significantly far in the future (potential late 2022). The Workgroup queried whether a 'sense check' would be considered closer to the implementation date to ensure that this change would still be needed. The Workgroup discussed that following a final Panel decision on a Modification, the only way of reversing out Code would be to raise another Modification and take that through the process. The Chair noted that Modifications that involve system changes do not get implemented into code until the system change is implemented and that these may be deferred at stages. The Chair noted that with the publication of new AUGE (Allocation of Unidentified Gas Expert) statement each year, the benefit of this Modification may change with the differing outcomes of the annual AUGE statement.

AJ informed the Workgroup the legal text will not appear in the Code until it has been implemented

The Workgroup resolved that this Modification has been sufficiently developed by the group and that it should be recommended to the Panel to proceed to Consultation.

RC noted that IGT145S will be taken to the September Panel meeting for a decision on it's consultation.

MJ left the meeting and CB entered the meeting

6. [IGT132VV – Introduction of IGT Code Credit Rules](#)

The Chair explained to the Workgroup that inline with action WS 21-08/01, the CA have drafted two Request For Information (RFI) documents; one for Shippers and one for the IGTs. There was a

lengthy discussion regarding the RFI questions for both Shippers and IGTs and the followings conclusions were reached:

- Lengthy questions were more difficult and unattractive to answer in particular for Shippers where engagement is historically an issue;
- Specific banding for some questions would be easier to answer;
- Could use the terms “less than” and “greater than” as bandings;
- Multiple choice answers are usually easier to answer;
- “Outstanding invoice payments” is a better term than “debt” as debt does not stop and is less defined;
- Add a short summary on the RFI to explain the purpose of the questions this will aid a more focused response;
- Possibly colour code questions in line with Ofgem boxed colourings which are already included in the draft RFI;
- Class Shippers on their sizes using the UNC codified terms (Class A, B and C), but supply points with varied Shippers varies regardless of size;
- The categories of “small”, “medium” and “large” should be used for questions that might be commercially sensitive;
- Anonymising responses could help with commercial sensitivity;
- It’s important to make the question specific to the market rather than individuals;
- Risk will differ with IGTs depending on their portfolio, IGTs with more supply points with smaller Shippers for example may be open to more risk;
- Xoserve might be able to provide the relevant data to Gemserv in an anonymised manner (i.e. the number of supply points with each Shipper);
- The average charge per supply point could be multiplied by portfolio sizes and the average length of debt calculated;
- The IGT UNC rules does not currently provide guidance for credit cover;
- Credit costs can be complicated and questions need to be more targeted;
- Question the *current* credit costs rather than trying to speculate what it *would* be under the proposed rules;
- The average figure per supply point is a good question to ask;
- Ofgem’s primary objectives are how much would this cost the Shippers to obtain, how IGTs would benefit from this and will these costs be passed onto the consumers;
- Ofgem do have the opportunity to undertake an RFI themselves;
- Respondents will clearly be notified of what the information will be used for they will also be given the option of submitting their responses directly to Ofgem if they have concerns over sensitivity; and
- Consideration needs to be given to how the data/information collected from the responses are presented to Ofgem.

RC stated that the Workgroup may be running the risk of getting too detailed following the lengthy discussion and reminded the Workgroup that their job is to demonstrate that the Workgroup have tried, to its best endeavours, to get the information that Ofgem requires following the send back letter received. RC noted that there is a doubled edged sword in trying to get as much information as possible, as detailed questions also run the risk of not being completed and returned, in particular from Shippers who already lack in engagement. RC added that at earlier stages of the Modification process, Shippers had been advised to send any commercially sensitive information directly to Ofgem, which so far has not been the case and may indicate that IGTs and Shippers are not happy to disclose that information. RC noted that taking that into account, it may be a good idea to steer away from commercially sensitive questions and to make the questions more general which can still provide a clear picture of the Industry view to Ofgem.

CB stated that the Workgroup have already assumed the costs are to be smeared by Shippers and that this should be a question put to the IGTs and Shippers via the RFI so the Workgroup have confirmation of that assumption. If the costs were applied on a tariff bases that would have a larger effect on the consumer.

It was concluded by the Workgroup that another draft of the RFIs will be drawn following the comments made and circulated a week before the October 2021 Workgroup meeting, with the ambition of signing those drafts off and issuing to industry for their feedback. The responses would then be viewed at the November 2021 Workgroup meeting.

CB noted his apologies for the October Workgroup meeting, CB agreed to review the draft before going on leave. It was that AJ would meet with CM the internal credit representative for E.On to agree on suitable bandings for the responses of the proposed RFI questions.

CB, ER and JR left the meeting.

WS21-09-01: Code Administrator to consolidate agreed RFI questions and present them to the Workgroup ahead of the next meeting in October 2021.

WS 21-09/02: AJ would meet with CM the internal credit representative for E.On to agree on suitable bandings for the responses of the proposed RFI questions

7. IGT154 – Introducing the concept of a derogation into the IGT UNC for Net Zero innovation project

The Chair introduced IGT154, stating that there were some amendments made to the Modification and the legal drafting over the last month. The Proposer took the Workgroup through the changes; they were all in the solution to make sure they marry up with the legal drafting, they were mainly clarifications and additional detail rather than trying to change the principal of what the Modification was trying to achieve.

AJ took the Workgroup briefly through the legal drafting. This included minor adjustments to critical friend, panel jurisdiction which extended to derogation rules and an additional definition of the Performance Assurance Committee (PAC). However it remains that PAC have no jurisdiction over the IGT UNC as a result of the change. The Workgroup agreed that the legal text drafting and Ancillary Document facilitate the solution.

RC took the Workgroup through the Workgroup report. The Workgroup discussed the Proposers view that this Modification should proceed under Authority rules. The Workgroup agreed with the proposers view on materiality.

The Workgroup discussed the business rule within the solution which allows automatic implementation of UNC derogations within the IGT UNC, which has been raised at previous workgroups. The Proposer noted that a mitigation to this issue would be for the IGT UNC representative on the UNC Panel to veto a derogation if it was believed that that derogation would have an adverse effect on IGTs. The Workgroup discussed that this Modification is 'stand-alone' and that derogations can still be implemented in the IGT UNC without them being raised in the UNC respectively. It would therefore only be a derogation that had an impact on IGT networks. The Workgroup agreed that the Solution facilitates that intention of the Modification.

The Workgroup discussed how consumers will be affected by the processes being implemented by this Modification. The Workgroup noted that this Modification will pave the way for innovators to come into the market and that trialling is a very important aspect of assessing impacts, both positively and negatively on consumers. For instance a derogation could be ended if negative impacts on Consumers were found and therefore the effects should be relatively short term and ringfenced. The Workgroup equally discussed that derogations could find unintended benefits for consumers that can be potentially rolled out across the wider industry if discovered.

The Workgroup also discussed the elements of curtailing 'commercial gain' which is an element of UNC0760 that has not been included in IGT154. This has diverged due to the realisation that many parties will pursue derogations for a period to refine a process to ensure that it would run smoothly and could support a commercial decision in the future. Again, the ability to trial this would be a benefit to the potential risk on parties.

The Workgroup also included that a comment recorded in previous minutes suggests the concept of a 'Sandbox' was in other codes, however this Modification seemed to achieve the same aim via different means.

The Workgroup also acknowledged that although the aim of this Modification was to allow parties to use this process as a means to aid Net-Zero, it could be adopted for other purposes and be more widely utilised.

The Workgroup agreed with the Proposers views that this Modification has a positive impact on Relevant Objective B (co-ordinated, efficient and economic operation of the combined pipe-line system; and/or the pipe-line system of one or more other relevant gas transporters) and Relevant

Objective F (promotion of efficiency in the implementation and administration of the Code). The Workgroup agreed that this Modification could be implemented in the next scheduled code release following an Authority decision.

The Workgroup resolved that this Modification should be recommended to proceed to Consultation and the consultation period for this Modification should be 15-Working days.

Standing Items

8. [Cross-Code Modification Implications Tracker](#)

The Chair advised that this item be deferred until the next meeting due to time constraints, this was agreed and accepted by the Workgroup.

9. [IGT UNC Known Issues Register](#)

The Chair advised that this item be deferred until the next meeting due to time constraints, this was agreed and accepted by the Workgroup.

10. AOB

There was no other business.

The next Workgroup meeting is scheduled for Thursday 14th October 2021.

Annex A – Action Log

Action reference	Action Description	Owner	Status
WS 21-08/01	Code Administrator to consolidate agreed RFI questions and present them to the Workgroup ahead of the next meeting in September 2021.	CA	Closed
WS 21-08/02	Code Administrator to provide summary of discussions on IGT154 to Workgroup ahead of the September 2021 meeting.	CA	Closed
WS 21-09/01	Code Administrator to consolidate agreed RFI questions and present them to the Workgroup ahead of the next meeting in October 2021.	CA	New
WS 21-09/02	AJ would meet with CM the internal credit representative for E.On to agree on suitable bandings for the responses of the proposed RFI questions	CA	New